

HOUSE BILL 376

By Overbey

AN ACT to amend Tennessee Code Annotated, Title 12, Chapter 10, relative to the delivery and terms of leases, loan agreements, sales contracts and operating contracts and related contracts.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 12-10-115(a)(1), is hereby amended by adding the phrase "and subsection (c)" after the introductory clause to the first sentence, "Except as provided in subsection (b)" and before the phrase "whenever, and as often as,".

SECTION 2. Tennessee Code Annotated, Section 12-10-115, is hereby amended by redesignating present subsection (c) to be subsection (d) and by adding the following new subsection (c):

(c)

(i) Proceeds received from a lease, loan agreement, sales contract or operating contract with a public building authority or other contracting party under provisions of this chapter for school capital outlay purposes by a municipal corporation that is a county or metropolitan government within which an incorporated city or town or a special school district operates a school system shall be shared with such incorporated city or town or special school district

system on the same basis as is provided in Section 49-3-1003. The trustee of the county or the treasurer of the metropolitan government shall pay over to the treasurer of the incorporated city or town or the special school district that amount of the proceeds which bears the same ratio to the entire amount of proceeds, net of all costs incurred in connection with the execution and delivery of the lease, loan agreement, sales contract or operating contract and any bonds or notes of the public building authority issued in connection with such lease, loan agreement, sales contract or operating agreement, as the average daily attendance of the year ending June 30 immediately preceding the receipt of the proceeds of the respective incorporated city or town or special school district bears to the average daily attendance for the year ending June 30 immediately preceding the receipt of the proceeds of the entire county or metropolitan government.

(ii) The governing body of such incorporated city or town or special school district may, by regularly adopted resolution, waive its right to all or a part of any funds due under the provisions of this subsection (c) and return the funds to the trustee of the county or the treasurer of the metropolitan government for the purposes originally provided.

(iii) The proceeds of any lease, loan agreement, sales contract or operating contract entered into for school capital outlay purposes shall not be required to be shared if the county or metropolitan government elects to provide for the levy and collection of the tax required pursuant to subsection (a) of this section only on that portion of the taxable property within the county or metropolitan government lying outside the territorial limits of the incorporated city or town or special school district which operates its own schools independently of the county or metropolitan government.

(iv) Proceeds received to be shared pursuant to this subsection shall be shared at the time of the receipt of the proceeds of the lease, loan agreement, sales contract or operating contract.

(v) The proceeds of any lease, loan agreement, sales contract or operating contract executed and delivered pursuant to this chapter to refund outstanding obligations issued by a county or metropolitan government for school capital outlay purposes shall not be required to be shared as provided herein, unless the outstanding obligations to be refunded are payable from taxes levied only upon a portion of the property within the county or metropolitan government lying outside the territorial limits of an incorporated city or town or special school district and the lease, loan agreement, sales contract or operating contract executed and delivered to accomplish such a refunding is payable from taxes to be levied on all taxable property in the county or metropolitan government.

SECTION 3. If any provision of this act or the application thereof to any person or circumstance is held invalid, such invalidity shall not affect other provisions or applications of the act which can be given effect without the invalid provision or application, and to that end, the provisions of this act are declared severable.

SECTION 4. This act shall take effect upon becoming a law, the public welfare requiring it.